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*Market Administrator's***BULLETIN***Frederic W. Zander*

MARKET ADMINISTRATOR

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Domestic Use Steady In 1965; To Rise In 1966

The Dairy Situation, Economic Research Service USDA November 1965

Domestic consumption of all milk in 1965 is expected to be about the same as the 122.2 billion pounds of milk and milk equivalent consumed in 1964. Total use of both fluid and manufactured products is changing little from last year. Disappearance through commercial channels is expected to gain about 1.7 billion pounds (milk equivalent) this year over 1964. However, CCC donations of butter and cheese are expected to total over a billion pounds lower. Milk consumed on farms with milk cows will be about 0.5 billion pounds less than in 1964. Sales of fluid milk items and commercial disappearance of American and other varieties of cheese, ice cream and frozen desserts, and non-fat dry milk are higher than in 1964; those of butter and evaporated milk are lower.

Domestic disappearance (civilian and military) of milk and dairy products in 1966 is likely to be slightly more than that expected this year, chiefly because of population growth. Commercial use is expected to rise, but less than this year's sharp gain. CCC donations, an estimated 4 percent of domestic use in 1965, are expected to increase slightly in 1966, and schools and special milk programs likely will use slightly more milk.

USDA in June stopped reimbursements to the military for part of the cost of increased fluid milk use. However, Congress provided funds for the Defense Department to continue military use of fluid milk at levels attained through the USDA Military Milk Program.

Per capita civilian use of all dairy products this year is forecast at 619 pounds (milk equivalent), about 1½ percent below 1964. The downtrend is expected to continue. Per capita consumption (milk equivalent) has declined each year since 1955. Per capita consumption in 1965 is projected upward for condensed milk and frozen products, and about the same as in 1964 for most other products except fluid milk and cream (milk equivalent), butter, and evaporated milk. For these latter products, use per person is down in 1965 from a year earlier. Consumption of butter and cheese arising from CCC donations for welfare are substantially lower this year than last because of reduced supplies.

Per capita disappearance of milkfat in 1965 is estimated to be near 23 pounds, 1 percent below 1964. Total domestic use is staying about the same as in 1964 because disappearance from commercial sources is up.

USDA FOOD DONATIONS BENEFITED MILLION IN FIRST QUARTER OF FISCAL 1966

Secretary of Agriculture Orville L. Freeman reported that U. S. Department of Agriculture food assistance programs were available to needy people and school children in more communities during the first quarter of fiscal 1966 (July-September 1965) than during the same period a year earlier. However, individual participation in the programs and amounts of food donated declined in some categories because of improved economic conditions and other factors.

At the end of September, 1,593 counties and 236 cities were distributing USDA foods to needy families, compared to 1,558 counties and 222 cities in the same month of 1964, the Secretary said. And, at the end of September 1965, the Food Stamp Program, not yet completing its first full year of operation under the 1964 Act, functioned in another 118 areas in 31 States and the District of Columbia. However, the number of grade and secondary schools offering their pupil-consumers lunches increased materially over September 1964.

Some 4.5 million needy persons in 48 States, Puerto Rico, the Virgin Islands, and the Trust Territory of the Pacific received USDA-donated

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Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	
Class I (3.5%)	
Class II (3.5%)	
Producer Butterfat Differential for each one-tenth percent	

Jan. 1966	Dec. 1965	Jan. 1965
\$4.65	\$4.83	\$4.51
5.00	4.92	4.92
3.21	3.36	3.13
8.2¢	8.2¢*	8.0¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	
Percent of Producer Butterfat in Class I	
Percent of Producer Milk in Class II	
Percent of Producer Butterfat in Class II	

82.8	82.7	79.6
75.1	76.7	72.5
17.2	17.3	20.4
24.9	23.3	27.5

PRODUCER MILK RECEIPTS

Total Pounds of Producer Milk Delivered	
Average Daily Class I Producer Milk	
Total Number of Producers	
Average Daily Receipts per Producer	
Average Butterfat Test	
Total Value of Producers Milk at Test	
Income per Producer (7 day average)	

46,243,721	45,459,868	46,850,062
1,491,733	1,256,260	1,511,292
1,602	1,615	1,679
931	908	900
3.87	3.88	3.88
\$2,287,603	\$2,244,651	\$2,255,626
\$322	\$313	\$303

GROSS CLASS USE (Pounds)

Class I Skim	
Class I Butterfat	
Class I Milk	
Class II Skim	
Class II Butterfat	
Class II Milk	

36,941,661	36,237,657	35,960,669
1,344,194	1,353,526	1,318,795
38,285,855	37,591,183	37,279,464
7,511,310	7,458,184	9,071,439
446,555	410,497	499,157
7,957,865	7,868,681	9,570,596

AVERAGE DAILY SALES (Quarts)

Milk	
Buttermilk	
Chocolate	
Skim	
Cream	

452,593	442,623	442,644
5,827	5,661	5,731
31,326	27,483	29,948
13,481	12,412	14,565
8,852	10,241	9,668

* Corrected figure

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA



JAN., 1957 - '66

Year	Receipts From Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1957	23,716,076	3.90	86.0	7.6	3.1	3.3	4.46	4.554	4.154	4.054	3.067	1,936	395
1958	25,086,958	3.86	84.9	7.3	2.9	4.9	4.28	4.411	4.011	3.911	3.088	1,857	436
1959	24,104,575	3.94	83.2	7.5	1.6	4.2	4.34	4.442	4.042	3.942	2.867	1,705	456
1960	28,244,823	3.96	86.7	6.3	2.1	8.4	4.46	4.685	4.285	3.777	2.996	1,696	537
1961	29,526,971	3.92	81.1	6.7	1.7	10.5	4.49	4.74	4.34	4.017	3.096	1,497	636
1962	33,597,270	3.97	79.3	6.3	1.9	12.5	4.30	4.517	4.117	3.892	3.266	1,329	815
1963	35,845,288	3.97	77.7	6.6	2.2	13.5	4.00	4.22	3.797	3.651	3.051	1,329	870
1964	40,235,178	3.93	78.9	6.8	1.8	12.5	4.28	4.55	4.12	3.76	3.08	1,357	956
1965	46,850,062	3.88	79.6	20.4	—	—	4.51	4.92	3.13	—	—	1,679	900
1966	46,243,721	3.87	82.8	17.2	—	—	4.65	5.00	3.21	—	—	1,602	931

1965-66 Feed Supplies Up From 1964-65

The Feed Situation, Economic Research Service USDA November 1965

Prospect of larger feed supplies suggest that prices dairy farmers pay for feed in 1966 may be a little lower than a year earlier. However, in second half of 1966, prices will depend to some extent on provisions of the USDA feed grain program which will apply to the 1966 crop. Feed grain supplies for the 1965-66 grain marketing year (October 1-September 30) are estimated at 217 million tons, 5 percent above 1964. Production is expected to be record high, more than offsetting some reduction in carry-over. Soybean production, as of October 1, was 23 percent above last year and 37 percent above average. Soybean meal normally makes up more than 50 percent of high-protein feed supplies.

Prices paid by farmers for feed in 1964-65 (October-September) averaged slightly higher than a year earlier, but are expected to decline in 1965-66. Large supplies of soybean meal likely will pull high-protein dairy feed prices below the 1964-65. level. Prices paid by farmers for 16 percent mixed dairy feed in October averaged \$3.76 per 100 pounds, 2 percent higher than a year earlier. Increases ranged from 2 cents above a year earlier in the middle Atlantic region to 17 cents above in the East North Central region. Prices in the

New England and Pacific regions were down 1 and 34 cents, respectively.

Crop reporters, as of October 1, were feeding an average of 8.1 pounds of grain and concentrates per cow, a record, and 7 percent above the previous high last October. Forty States reported feeding rates unchanged or higher than a year earlier.

Hay production for 1965 is estimated at 123.2 million tons, up 6 percent from last year and the 5-year average; production of alfalfa and alfalfa mixtures are up 5 percent. Decreases in roughage-consuming animals will increase supplies per animal unit to about 1.37 tons for the 1965-66 feeding season from 1.32 tons in 1964-65.

Hay production increased over 1964 in all regions. However, in the Northeast, a 6 percent gain in New York offset decreases in other States of the region. In the West Central region, Iowa dropped 14 percent, and Minnesota production gained 22 percent. Arkansas and Oklahoma showed large percentage gains from the low 1964 levels, brought about by drought.

Below-normal pasture conditions in much of the Northeast have caus-

ed heavy feeding of grain and harvested forage. This depleted hay supplies in the area ahead of the usual winter feeding season. Dairy pasture conditions in most other U.S. regions were substantially improved from 1964 levels. Nationally, on October 1, pastures averaged 84 percent of normal compared with 71 percent a year earlier and 78 percent for the October 5-year average.

Farmers paid \$31.80 per ton for baled alfalfa hay in October compared with \$32.20 a year earlier. The national average price that farmers received was \$23.30 per ton compared with \$23.20 in October 1964, with prices ranging from \$3.20 above a year earlier in New England to \$4.10 below in the West South Central region.

Through October, USDA authorized haying and grazing privileges for farmers on land diverted from 1965 season crops under USDA programs, in 865 counties in 30 States. This compares with 1,029 counties in 29 States in October 1964. Also, Government-owned feed grains at reduced prices have been made available in the 1965-66 feeding year to eligible farmers in 178 counties in 17 States, compared with 349 counties in 20 States a year earlier.

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THE
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USDA FOOD DONATIONS . . .

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food between July 1 and September 30, 1965, compared with 51 million during the same period in 1964. Improved economic conditions probably reduced the eligible caseloads in many areas while the growing Food Stamp Program provided food assistance for another 650,000 participants.

Additionally, some 1.3 million needy people in charitable institutions and more than 20 million school children in the 50 States, the District of Columbia, Puerto Rico, and four U.S. territories benefited from USDA food donations in the first quarter of fiscal 1966.

USDA food donations, from stocks acquired in its price-support and surplus-removal activities, during the first quarter of fiscal 1966, totaled 361.6 million pounds compared with 434.8 million pounds during the same period in fiscal 1965. Schools, during the comparable periods, received 109.8 million pounds against 123.5 million; institutions received 41.7 million pounds against 50.2 million; and needy families received 210.1 million pounds against 261.1 million. These totals do not include supplemental foods purchased with National School Lunch Program funds and distributed by USDA to schools participating in the NSLP.

Market Quotations

JANUARY
1966

MINNESOTA - WISCONSIN PRICE SERIES	\$3.47
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.11
Average Price per lb. 92-score butter at Chicago	.5933
Average carlot prices non-fat dry milk solids roller and spray process, f.o.b. manufacturing plant	.1454

U.S. Dairy Exports Lower In 1965 and 1966

The Dairy Situation, Economic Research Service USDA November 1965

U. S. exports of dairy products, including shipments under Government programs, are down sharply in 1965 from the record \$276 million in 1964. Based on January-August data and estimated supplies available for export in September-December this year, exports are likely to total about \$180 million. Although condensed and dry whole milk exports are higher, butter, nonfat dry milk, and evaporated milk exports are lower. Total exports in 1966, both on a dollar and milk equivalent basis, are likely to fall below these expected for 1965, because of anticipated lower exports of butter.

The decline in butter exports is due to the recovery of milk production in Western Europe from its 1963 and 1964 lows. Last year, 89.1 million pounds went to Europe from the United States. Title III, PL 480 export donations virtually ended by fourth quarter 1964 because of re-

duced USDA stocks. Exports of non-fat dry milk are down this year because of lower exportable supplies and increasing world production. The Netherlands, largest receiver of non-fat dry milk last year 305 million pounds — had sizeable carryover stocks at the beginning of 1965. This, coupled with rising European production, substantially reduced U. S. exports to Holland in 1965. In the first 8 months of 1965 the United States exported 65 million pounds of nonfat dry milk to The Netherlands compared with 215 million a year earlier. Exports of evaporated milk continued to decline, with next-door Mexico now the major commercial customer.

Exports of condensed milk are gaining, mostly because of relatively large shipments to Viet Nam under Title I, PL 480. Dry whole milk exports are also rising slightly.